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FARMERS' NEWSLETTER



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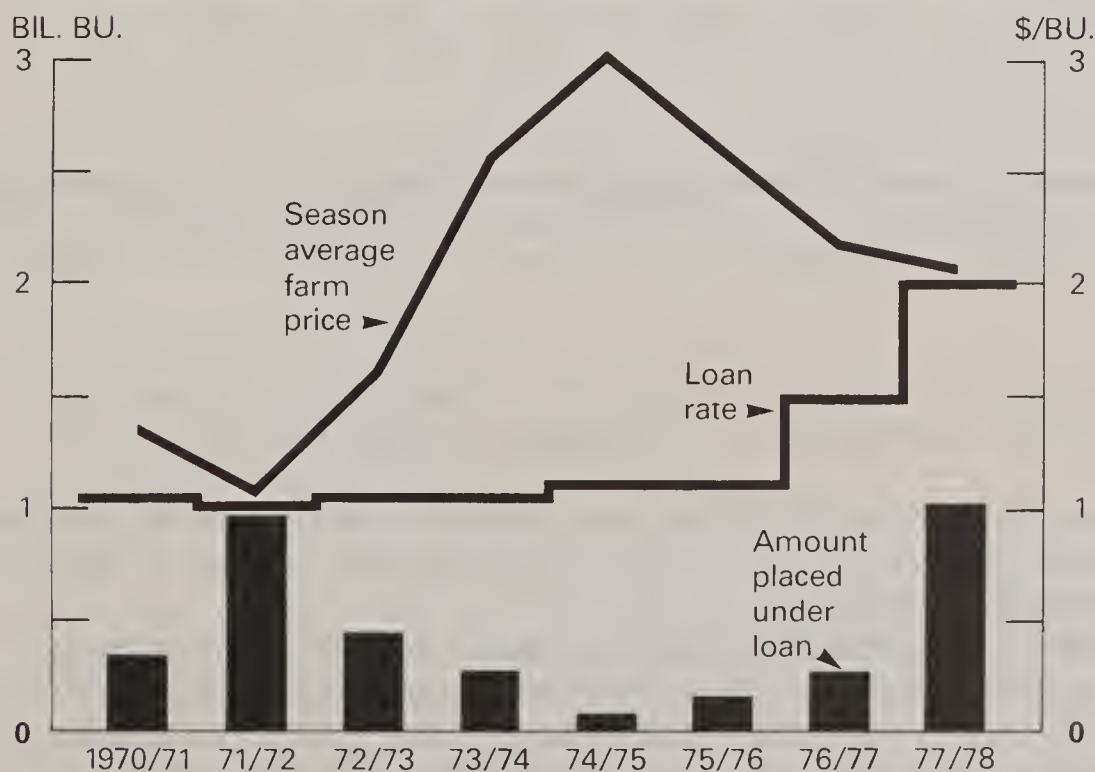
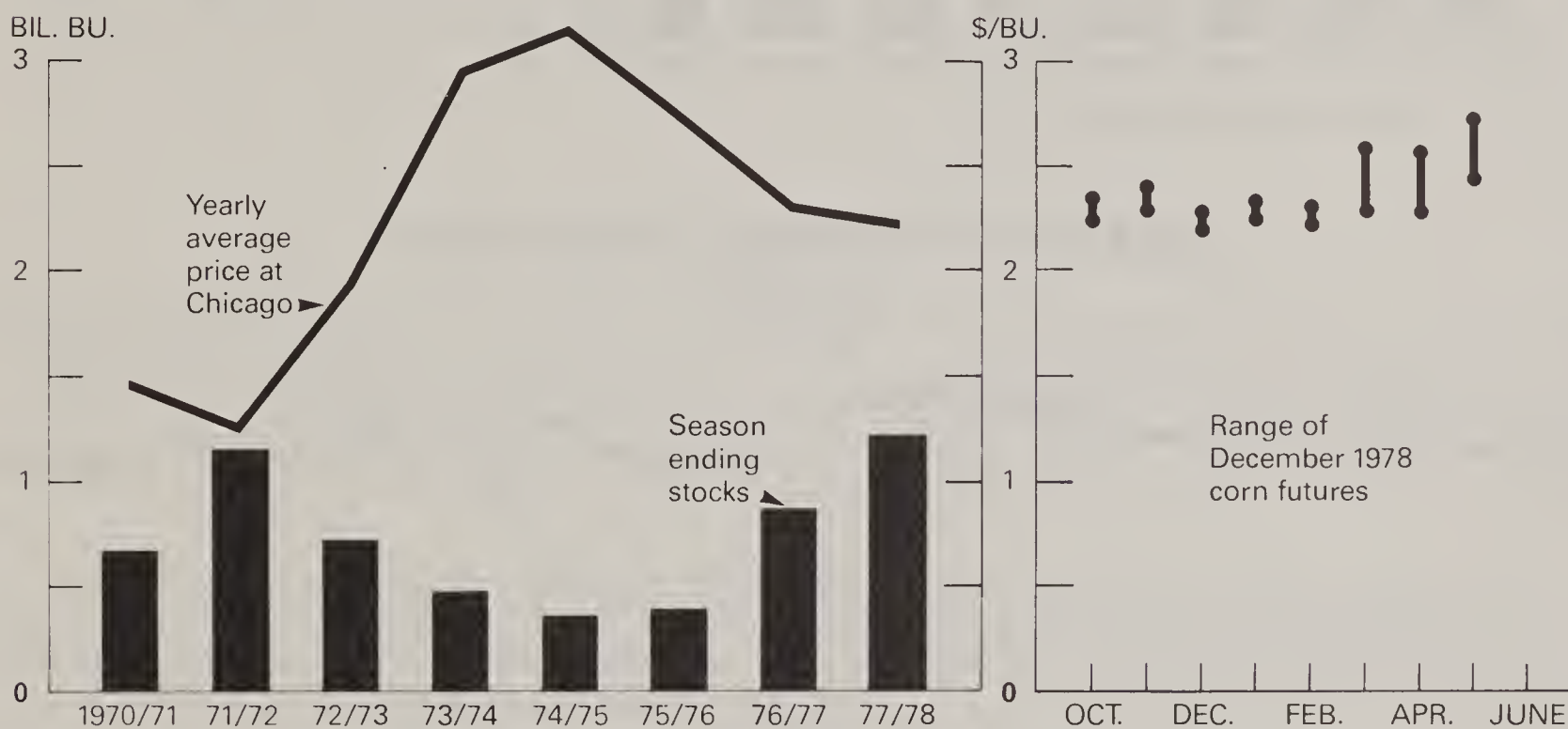
Farmers' Newsletter FEED

July 78/F-4

Introduction

As a farmer, you know that just about everything affects farm prices and incomes. Deciding what to do about planting and marketing is not easy, so we specially prepared these charts to remind you of past trends that could help you decide about the future. Are they useful? If so, we may publish similar issues later. We'd like your reaction.

U.S. Corn Prices



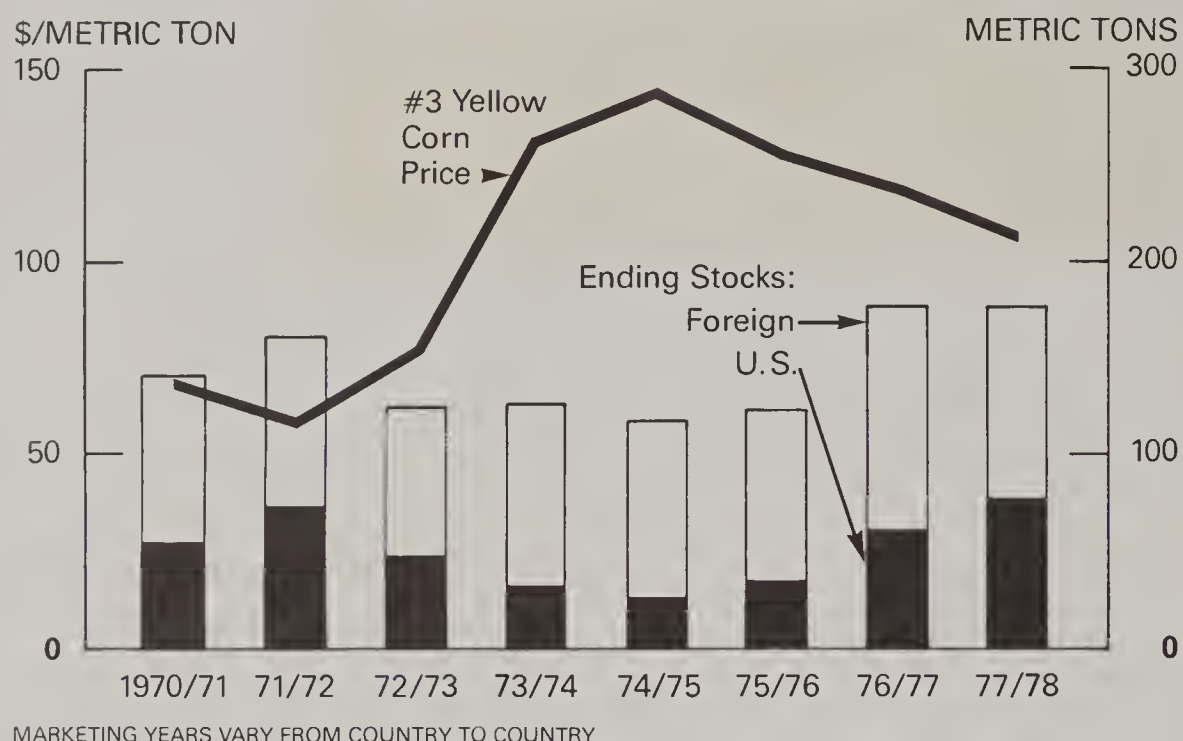
During the early 1970's two short corn crops and huge exports cut U.S. carryover stocks and boosted prices. Then, three big crops rebuilt stocks, and depressed prices to the loan level.

Prices for cash corn and new crop futures surged in March, when new legislation and farm programs encouraged farmers to reduce 1978 plantings and place unneeded grain in the farmer-held grain reserve.

When corn prices decline to near loan levels, farmers have placed large amounts under price-support loans.

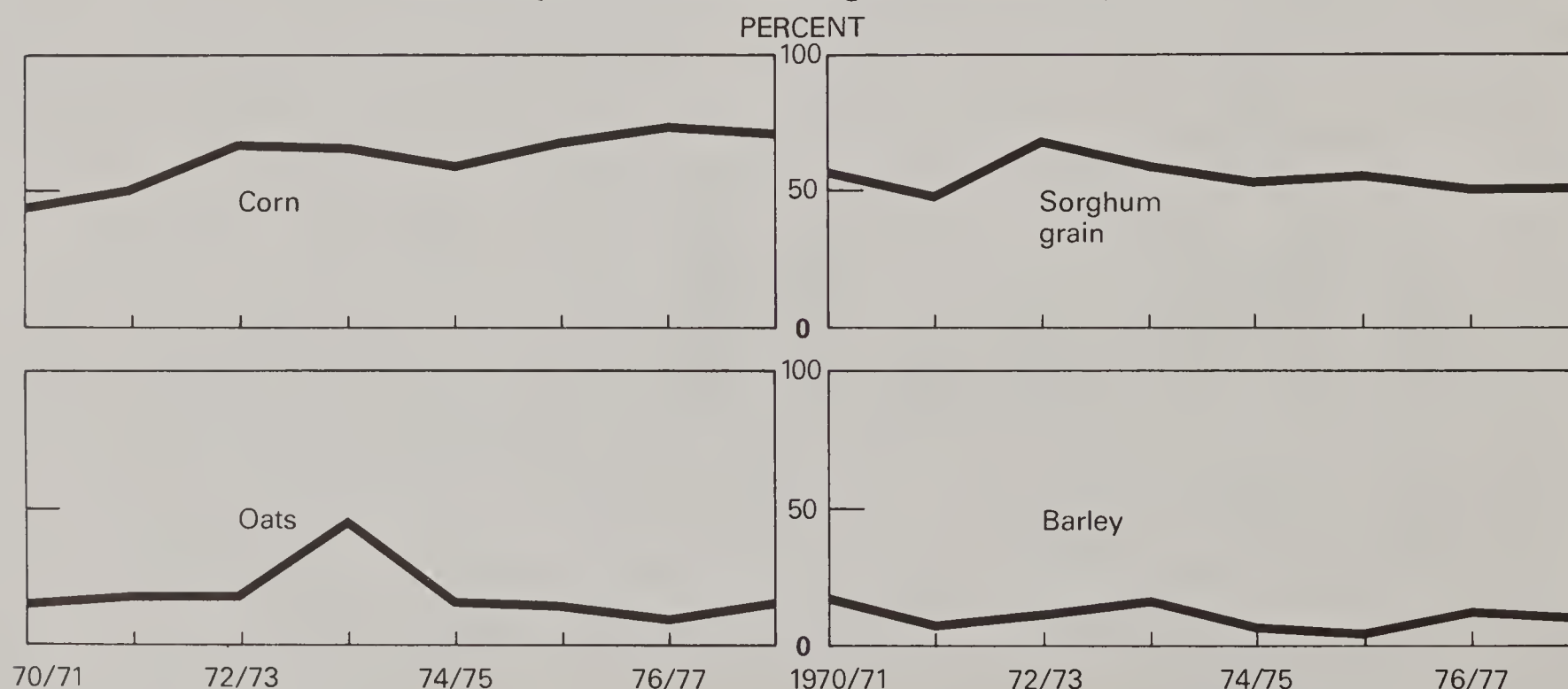
World Scene

Price of Corn at Rotterdam and World Grain Stocks



During 1972-75, there were several short crops abroad and one in the U.S. The USSR, Eastern European nations, and the Peoples' Republic of China decided to import grains to avoid excessive liquidation of livestock. World and U.S. grain stocks were drawn down, and corn prices soared. Large grain harvests in 1976 and 1977 replenished stocks, and prices declined last fall to the lowest level since 1972/73.

U.S. Exports as Percentage of World Exports



The U.S. share of world corn exports has increased from 44 percent in 1970/71 to over 70 percent in recent years. U.S. farmers usually provide a little more than half of the world exports of sorghum, but only a small share of the oats and barley.

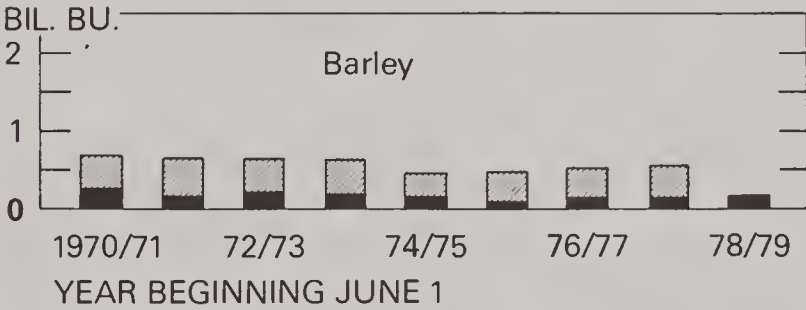
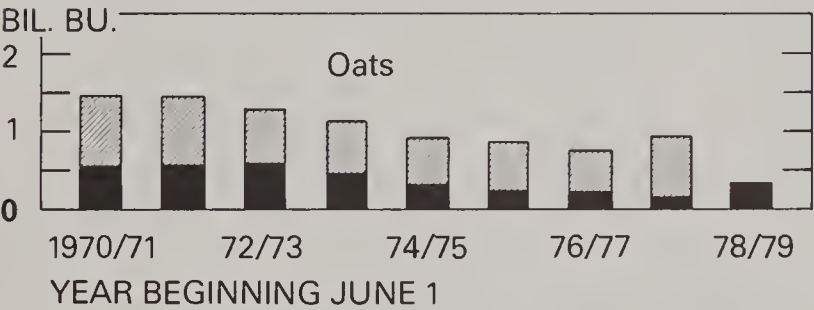
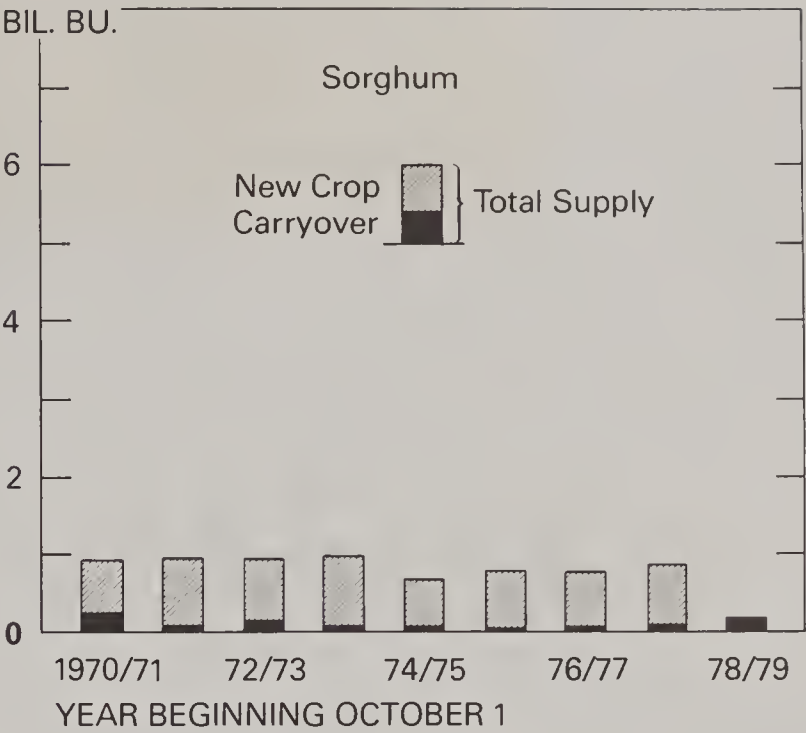
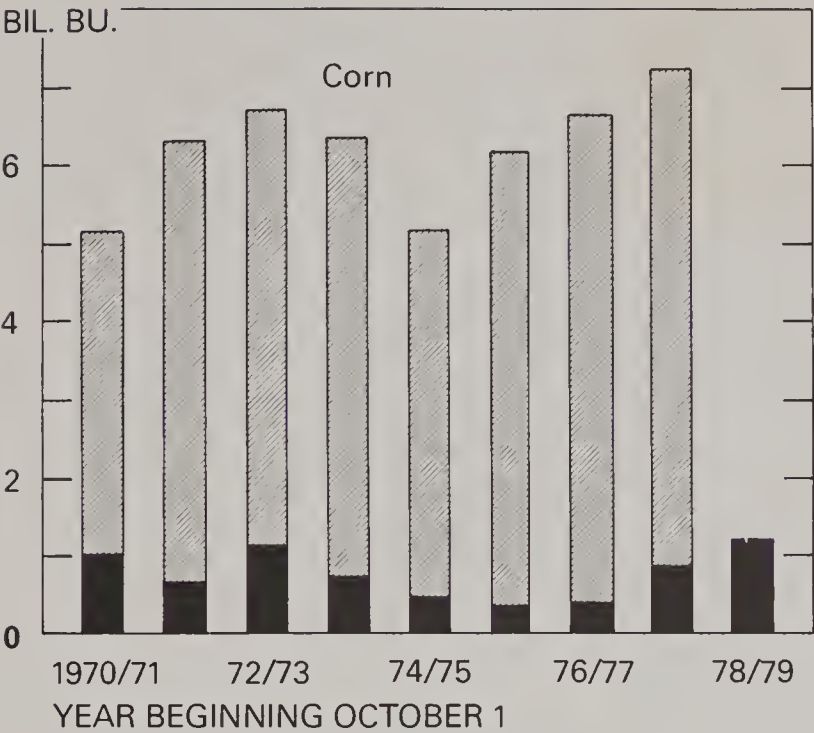
Taking all feed grains together, the U.S. usually produces 25 to 30 percent of the world supply. The USSR produces 12 to 15 percent, West Europe 10 to 14 percent, and East Europe 8 to 10 percent. Other important producers include Canada, Brazil, Argentina, South Africa, Australia, and Thailand.

The U.S. provides about 60 percent of total world feed grain exports. Our principal competitors and their usual market shares are: Argentina 11 percent, Canada 5 percent, Australia and South Africa 4 percent each, Thailand 3 percent, and Brazil 2 percent.

The biggest market is West Europe, which buys 35 to 40 percent of all feed grains moving in international trade. Japan takes around 19 percent, and East Europe 10 percent. The USSR is a big buyer when its crops are short. It took 4 percent in 1974/75, 20 percent in 1975/76, 7 percent in 1976/77, and about 14 percent in 1977/78.

U.S. Supply

Supplies of Feed Grains Have Been Increasing



There were short U.S. corn crops in 1970 and 1974. Those shortfalls plus a strong surge in foreign demand for grain reduced carryover stocks to rock-bottom levels in the mid-1970's. Then, consecutive record crops in 1975, 1976, and 1977 outstripped needs. The prospective carryover for this fall is around 1.2 billion bushels, the most since 1964.

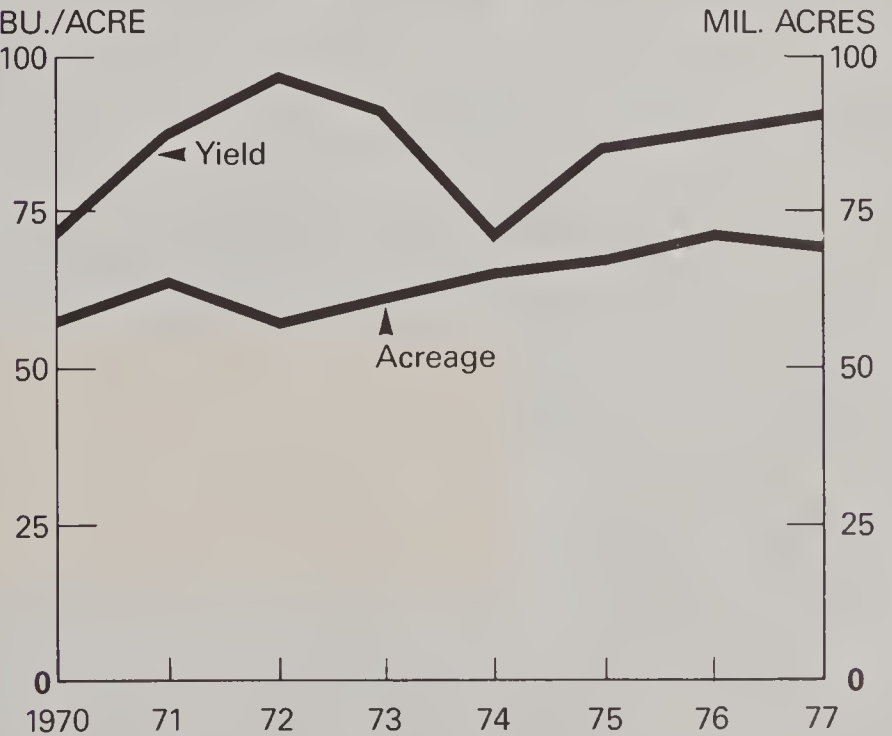
Sorghum, oat, and barley crops have trended downward during recent years. Farmers have reduced acreages of these feed grains in favor of more profitable crops. Also, less-than-favorable weather has restricted yields per acre.

Corn yields were cut in 1970 by blight and drought, and in 1974, by late planting, summer drought, and early freezes. In 1972, ideal growing conditions and heavy use of fertilizer produced a record 97 bushels per acre. Yields in other years of the 1970's have ranged between 86 and 91 bushels per acre.

Corn acreage trended upward during recent years. Contributing factors included relaxation of acreage restrictions, placement of additional land under irrigation, development of more widely adapted varieties, and improved prices for corn.

The small crop of 1974 caused a much larger price rise than that of 1970, for two reasons: in 1970, as now,

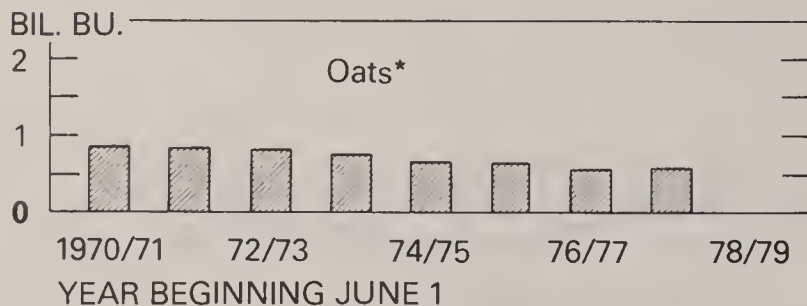
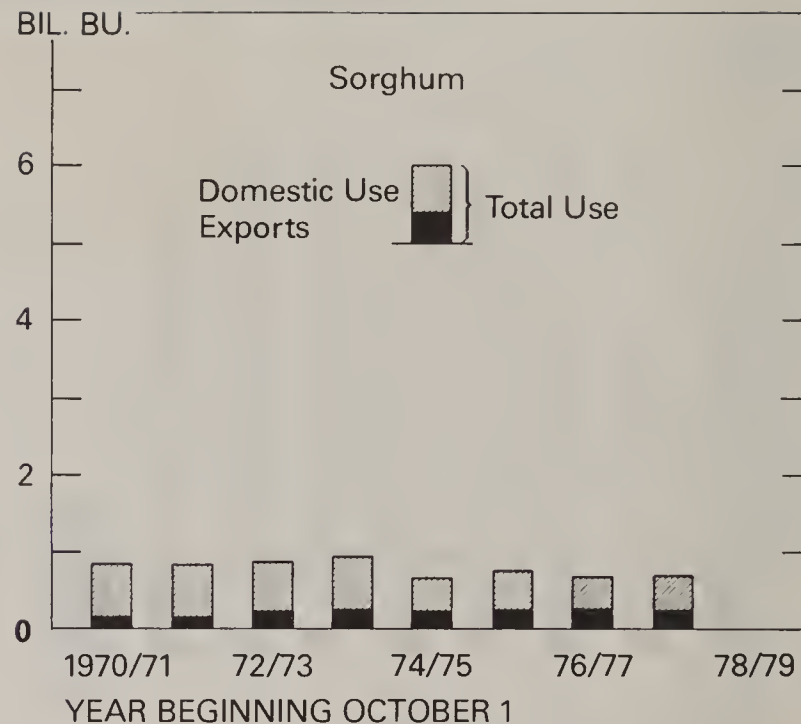
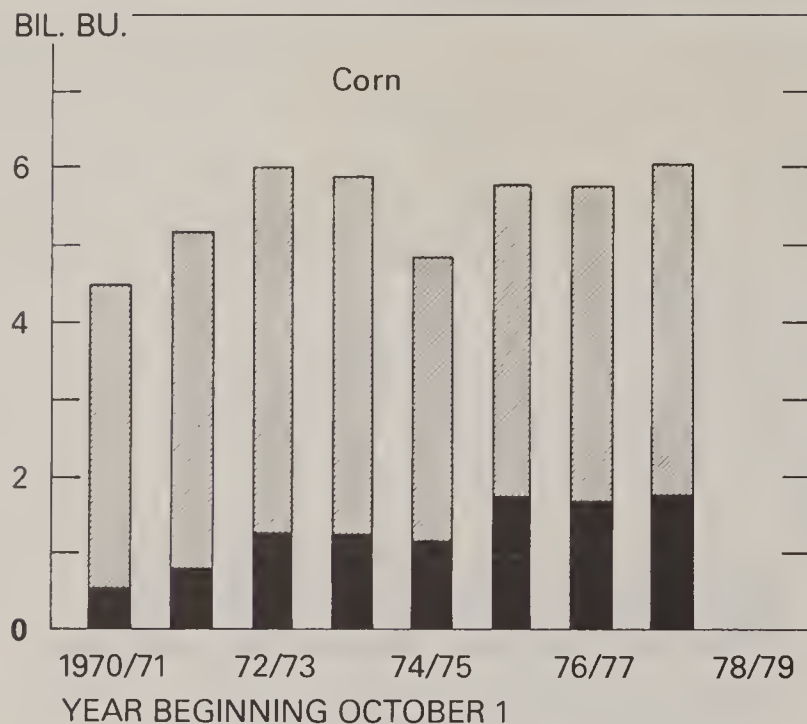
Corn:
Yield per Acre and Acreage Harvested



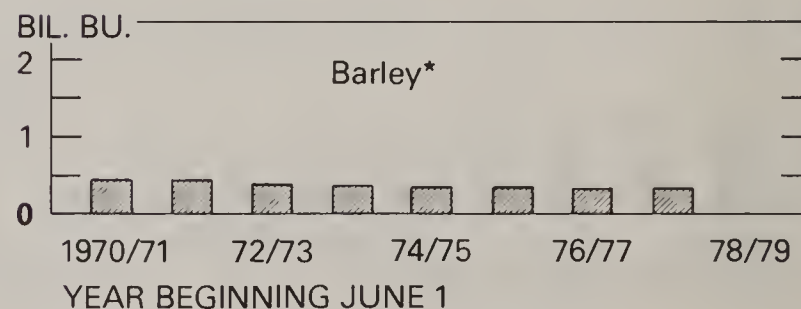
there were large stocks of old corn, but they were gone by 1974; and the shortfall of the crop was much greater in 1974 than in 1970.

U.S. Disappearance

Use of Feed Grains Has Levelled



*EXPORTS USUALLY LESS THAN 20 MILLION BUSHELLS.



*EXPORTS AVERAGE ABOUT 60 MILLION BUSHELLS.

Domestic use of corn reached a record 4.74 billion bushels in 1972/73, and continued very large in 1973/74. A short crop in 1974 forced a drastic cut in livestock feeding. Despite record crops and declining prices the next 3 years, the domestic use of corn has not fully recovered, because of poor returns from feeding until quite recently. Exports of corn more than tripled from 1970/71 to 1975/76. During each of the last 3 years foreign buyers took around 1.7 billion bushels of U.S. corn — more than a fourth of the crop. Total use of other feed grains has slackened.